THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) In his meeting with CEOs of Public Sector Banks (PSBs) held on 3rd June 2005, the Finance Minister advised the CEOs that before considering any proposal, the Unions (of Banks) may be suitably sensitised on the need and advantages of consolidation and their apprehensions may be allayed. Further, while supporting any merger proposal, Government will ensure that the interests of the stakeholders and employees of merging banks are adequately protected. Any such proposal for consolidation by way of merger etc. of one nationalised bank with another nationalised bank has to come from the management of the banks concerned, with Government playing a supportive role as the common shareholder. The Boards of Banks have to take a decision in this regard based on the synergy levels of merging/consolidating entities.

Rise in Sensex

1408. SHRIMATI JAYA BACHCHAN:
SHRI RAJKUMAR DHOOT:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Sensex rose rapidly to cross 8500 mark during the last one year;

(b) if so, the reasons therefor;

(c) whether it is also a fact that spurt in Sensex is due to large scale investment by foreign investors;

(d) if so, the details thereof; and

(e) the initiative taken by Government to keep a watch on the situation and its impact on social aspects of economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The stock markets have shown an upward trend over the last one year. On 1st December, 2004 the Sensex closed at 6227.83. It crossed 7000 to close at 7076.52 on 21st June, 2005. It further rose to 7669.45 on 1st August, 2005. On 3rd October, 2005, it touched 8697.65 and closed at a new high of 8994.94 on 28th November, 2005. The closing figure for 1st December, 2005 was 8944.78.

(b) to (d) The movement of the index is a function of changes in investment arising out of perceptions about the economy and/or a sector or the stocks constituting the index. Besides economic factors, movement of stock indices also depends on various domestic and international events, market sentiments and corporate performance and likely economic growth in future, including the fundamentals of the economy. While there is no exact correlation between any of these factors and upward movement of the Sensex, a healthy growth in capital market is generally associated with increased investment in the economy including by foreign investors.

(e) The Securities and Exchange Board of India (SEBI), the market regulator, keeps a constant vigil on the markets. In view of recent market movements, SEBI has taken several measures as a part of its surveillance activities. These include, *inter alia*, shifting of several scrips to trade-to-trade segment to discourage day trading and speculation and imposition of circuit filters/price bands on several scrips. SEBI has advised stock exchanges to initiate expeditious demonstrative action wherever warranted so as to protect investors' interests and to ensure orderly functioning of the stock market. Additionally, from time to time, stock exchanges issue lists of do's and dont's for investors with regard to dealing in securities, through leading English and Hindi newspapers. SEBI also emphasises this through its periodic investor education programmes and encourages investors to take informed decisions. According to SEBI, these initiatives have minimized untoward speculation in small stocks.

Recovery of NPAs

1409. SHRI AMAR SINGH:
SHRI ABU ASIM AZMI:

Will the Minister of FINANCE be pleased to state:

(a) what is the amount of NPA of Public Sector Banks, as on the 1st October, 2005;

(b) how much amount of NPA has been recovered from the defaulters since May, 2004;

(c) what steps Government propose to take for the speedy recovery of NPA of the Public Sector Banks; and